

ESG Annual Report 2021

June 2022



NIPPON REIT
Investment Corporation

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About the ESG Annual Report

This report is the revised version of the second ESG Annual Report of NIPPON REIT Investment Corporation issued in April 2022, which adds Energy Consumption and GHG emission data for FY2021. It informs ESG related activities etc. implemented from January to December 2021, the data shall be as of the end of 2021 unless otherwise mentioned in these specifications. Fiscal Year or FY data refers to the 12-month period starting from April.

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<https://www.sojitz-sra.com/>



Message from Executive Officer



Toshio Sugita
Executive Officer

NIPPON REIT Investment Corporation ("NIPPON REIT") and Sojitz REIT Advisors K.K. ("SRA"), the asset management company of NIPPON REIT, is engaged in timely investment in the light of the medium-to-long term trends of the real estate supply-demand under the principle of unswerving discipline, since its establishment. Among all, ESG (Environment, Social and Governance) initiatives are positioned as one of the most important management issue in order to continuously enhance its corporate value. NIPPON REIT and SRA have established the "Sustainability Policy" and the "Sustainability Targets," working to mitigate environmental burdens in cooperation and collaboration with stakeholders.

As a part of the initiatives for environmental consideration, NIPPON REIT and SRA are proactively promoting green buildings through obtaining of environmental certifications and evaluations from external organizations. In the GRESB Real Estate Assessment, NIPPON REIT have received "Green Star" for the 5th consecutive year by achieving high performance both in "Management Component" that evaluates policies and organizational structure for ESG promotion, and "Performance Component" that assesses environmental performance and tenant engagement of properties under management.

We will continue to carry out real estate investment management business effectively, deepening our mutual communication with investors, tenants, local communities, employees and all other stakeholders. and providing enriched information that would contribute to the investment decisions and benefit of unitholders.



Recent ESG Activity Highlights

■ Participated in the GRESB Real Estate Assessment in 2021

In the 2021 GRESB Real Estate Assessment, NIPPON REIT has received "3 Stars" in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants, and designated as a "Green Star" for the 5th consecutive year since its first participation in 2017, through its high performance both in "Management Component" that evaluates policies and organizational structure for ESG promotion, and "Performance Component" that assesses environmental performance and tenant engagement of its properties. In addition, NIPPON REIT has achieved the highest "A" level for the GRESB Public Disclosure, which assess the width of ESG disclosure.

■ Acquisition of Environmental Certifications

NIPPON REIT is making active efforts to reduce environmental burden, and we believe in the importance of acquiring external environmental building certifications and evaluations for these efforts. In 2021, NIPPON REIT acquired DBJ Green Building Certification at FORECAST Kameido, CASBEE for Real Estate at FORECAST Ichigaya, BELS Certifications at I-S Minamimorimachi Building and five other properties, and conformity to Small and

Medium-Sized Low-Carbon Model Building at Itohpia Iwamotocho ANNEX Building and Shinto GINZA EAST. In January 2022, La Verite AKASAKA and Nishi-Shinjuku Sanko Building received the highest 5-Star rating in BELS and ZEB Ready certification.

■ Switching to Electricity Derived from Renewable Energy

NIPPON REIT is taking initiatives to switch electricity of its properties to electricity derived from renewable energy, contributing to the materiality target of "Countering Climate Change/ Enhancing Energy Efficiency." Electricity used at Pigeon Building and Omiya Center Building was switched to virtually renewable energy derived electricity in August 2021 and January 2022, respectively.

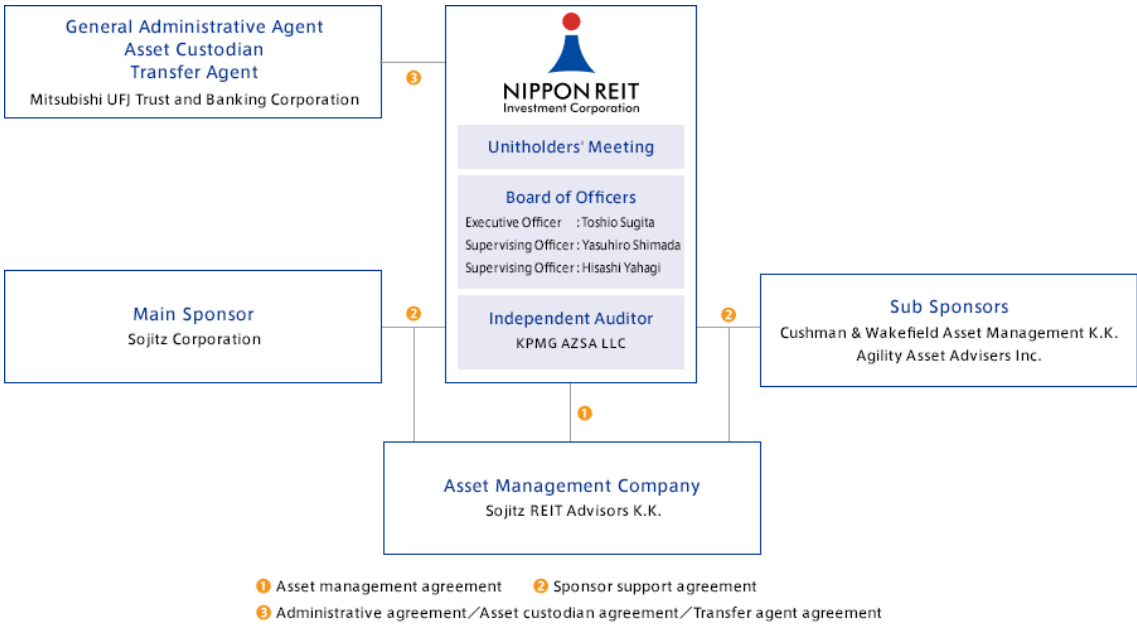
■ Development of Green Finance Framework

In its efforts to promote real estate investment management with consideration to ESG, NIPPON REIT developed Green Finance Framework and issued its first green bond in August 2021. NIPPON REIT's Green Finance Framework received "Green 1 (F)", the highest evaluation grade in the Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd.

Overview

Name	NIPPON REIT Investment Corporation
Representative	Toshio Sugita, Executive Officer
Address	Koku Kaikan 3F 1-18-1, Shimbashi, Minato-ku, Tokyo
Asset Management Company	Sojitz REIT Advisors K.K.
Fiscal period ends	June 30 and December 31 of each year

Structure Diagram



For detail of Structure Diagram : <https://www.nippon-reit.com/en/about/structure.html>

Status of Officers

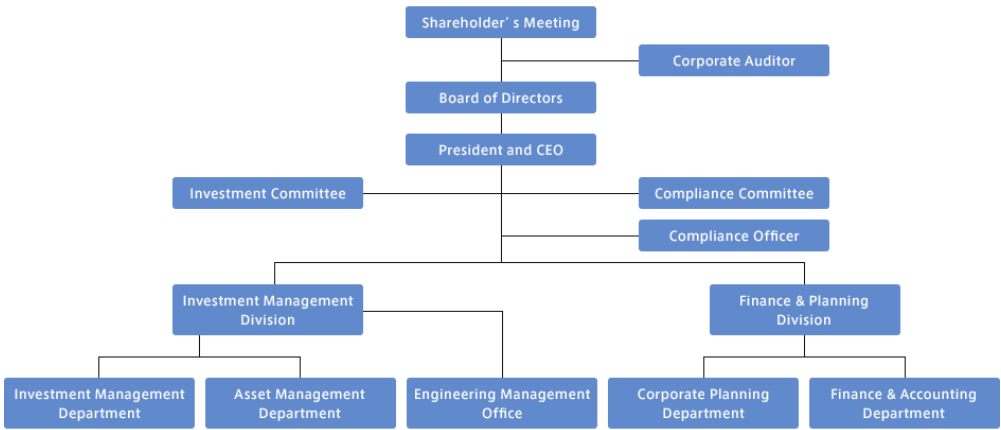
Executive Officer	Toshio Sugita
Supervising Officer	Yasuhiro Shimada
	Hisashi Yahagi

For detail of Status of Officers : <https://www.nippon-reit.com/en/about/profile.html>

Company Profile

Trade Name	Sojitz REIT Advisors K.K.	
Representative	President & CEO Toshio Sugita	
Address	Koku Kaikan 3F, 1-18-1, Shimbashi, Minato-ku, Tokyo	
Line of Business	Investment management business	
Established	November 2, 2006	
Paid-in Capital	150 million yen	
Shareholder Composition	Sojitz Corporation	2,010units (67.0%)
	Cushman & Wakefield Asset Management K.K.	540units (18.0%)
	Agility Asset Advisers Inc.	450units (15.0%)

Organizational Chart



For detail of Organizational Chart : <https://www.sojitz-sra.com/en/organization/index.html>

Officers

As of April 1, 2022

President & CEO	Toshio Sugita	Director (part-time)	Yoshiyuki Tanaka
Executive Vice President	Yukihiro Hayashi	Director (part-time)	Naomichi Iida
Senior Managing Director	Kei Ito	Auditor	Shigeru Nakanishi
Director (part-time)	Ryutaro Hirai		

For detail of Officers : <https://www.sojitz-sra.com/en/company/index.html>

1. Summary of ESG Initiative



Sustainability Policy

Sojitz Corporation, who is the main sponsor of NRT, pursues greater business competitiveness as enterprise activities and meanwhile considers local economic development and environmental responsibility on corporations as social initiatives, keeping balance between the both sides at a high level so as to maximize mutual value of both sides. SRA has established the "Sustainability Policy" and practices it, with an understanding that taking viewpoint of ESG seriously contributes to realize basic policy of NRT such as "maximization of unitholders' value while focusing on income growth and stability".

1. Effort to save energy and reduce greenhouse gas emission

We will make effort for reduction of greenhouse gas emission to contribute to climate change prevention by improving energy efficiency and installation of facility equipment which is conducive to save energy, etc..

2. Realization of recycling-oriented society

We aim to realize recycling-oriented society by driving forward resources saving as well as waste reduction and recycling.

3. Compliance with environment-related laws and regulations

We will comply with environment-related laws and regulations including requirements which we decide to meet. Furthermore we will monitor law amendments and follow them.

4. Environmental education and enlightenment

We will disseminate the "Sustainability Policy" to our employees. Furthermore we will educate and enlighten them to consider the environment. So as to practice environmentally friendly behavior.

5. Collaboration with outside stakeholders

We will strive to collaborate with all stakeholders especially tenants, property management companies, suppliers and local communities in order to practice initiatives based on this policy.

6. Disclosure of ESG information and obtaining environment certification

We will announce the "Sustainability Policy" to all stakeholders such as investors, and will strive to proactively disclose information on the status of activities related to ESG. Furthermore we will make effort to obtain environment certification continuously.



















Sustainability Promotion Structure



Based on its management philosophy of aiming for stable growth in unitholder value over the medium to long term, NIPPON REIT identified the following materiality (material issues) in terms of sustainability, incorporating the perspectives of ESG in December 2020.

By setting goals for each of these issues, and by progressively implementing PDCA to achieve these goals, we will work to resolve the global social issue of “SDGs” (Sustainable Development Goals), which was adopted by the United Nations in 2015, and its medium to long term growth.

Materiality, Action Plan and Results	Supporting SDGs
Countering Climate Change/Enhancing Energy Efficiency <p>Energy consumption</p> <ul style="list-style-type: none"> In the short term, a reduction of 1% per year in unit energy consumption will be targeted in the entire portfolio and individual properties. Over the medium and long term, a reduction of 5% per five-year period in unit energy consumption will be targeted in the entire portfolio and individual properties. <p>GHG emissions</p> <ul style="list-style-type: none"> In accordance with the energy consumption reduction targets, a reduction of 1% per year in unit greenhouse gas (GHG) emissions will be targeted over the short term in the entire portfolio and individual properties. In accordance with the target of reducing energy consumption, over the medium to long term, the goal is to reduce the basic unit by 5% over the 5 years from fiscal 2021 to fiscal 2025 for the entire portfolio and for individual properties. 	 
Countering Water Resources <ul style="list-style-type: none"> A waste recycling ratio of 70% over the ten-year period from FY2017 will be targeted in the entire portfolio and individual properties. 	
Waste management <ul style="list-style-type: none"> A reduction of an average of 0.5% per year over the ten-year period from FY2017 in unit water consumption will be targeted in the entire portfolio and individual properties. 	  
Sustainability Certification <ul style="list-style-type: none"> Improve sustainability activities by participating in GRESB and other external assessment Raise the ratio of properties acquired green certification 	
Ensuring the Security and Safety of Tenants, Enhancing User Comfort and Sustainability Awareness <ul style="list-style-type: none"> Improve tenant satisfaction based on tenant questionnaires Implement disaster prevention measures Conduct sustainability training for contractors such as property managers 	   
Contributing to Communities <ul style="list-style-type: none"> Contribute to communities through the measures such as establishment of Cycle Ports and enhancing resilience to disaster while collaborating with local fire departments, etc. 	 
Stakeholder Engagement and Timely and Appropriate Information Disclosure <ul style="list-style-type: none"> Build solid relationships with and win the trust of all stakeholders by engaging in the timely, appropriate and proactive disclosure of financial/non-financial information and by maintaining constructive dialogue 	
Developing Human Resources and Creating a Satisfactory Workplace <ul style="list-style-type: none"> Develop human resources by supporting career development, acquiring qualifications, and conducting training Maintain and improve a comfortable working environment by time-off and Flextime system, implementing tele-work environment, a child-care leave system, etc. 	  
Strengthening Corporate Governance <ul style="list-style-type: none"> Build a governance system that emphasizes the third party and diversity of officers and maintain and strengthen the system with a focus on unitholders' interests by establishing committees with external members, and a dedicated compliance team, etc. Ensure legal compliance by raising awareness of compliance Promote the prevention of risks to the soundness of management and business continuity through appropriate risk management, such as the elimination of conflicts of interest relating to transactions with interested parties, etc. Ensure the effectiveness of internal control processes through internal audits 	



NIPPON REIT Has Been Ranked as “Green Star” in the GRESB Real Estate Assessment

GRESB is an annual benchmarking assessment that measures ESG (Environmental, Social and Governance) integration of real estate companies and funds, and it is also the name of organization which runs the assessment. GRESB was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).

In the 2021 GRESB Real Estate Assessment, NIPPON REIT has received “3 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants, and designated as a “Green Star” for the 5th consecutive year since its first participation in 2017, through its high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of its properties. In addition, NIPPON REIT has achieved the highest “A” level for the GRESB Public Disclosure, which assess the width of ESG disclosure.

GRESB Website: <https://gresb.com/>



Principles for Financial Action for the 21st Century (PFA21)



SRA has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in December 2020. PFA21 was established in October 2011 as a guideline for financial institutions seeking to fulfil their roles and responsibilities in shaping a sustainable society, with the Ministry of Environment taking on the role of secretariat.

PFA21 Website: <https://pfa21.jp/>



SMBC Environmental Assessment Loan



“SMBC Environmental Assessment Loan” assesses status of corporate initiatives for environmental considerations, on loan execution and establishment of lending conditions, based on environmental assessment criteria developed independently by SMBC and The Japan Research Institute, Limited.

NIPPON REIT received an “A” grade from SMBC in accordance with “SMBC Environmental Assessment Loan”, in recognition of its commitment to environmental initiatives in asset management.

SMBC Environmental Assessment Loan Website (Japanese):
<https://www.smbc.co.jp/hojin/financing/kankyohairyo/>



Acquisition of Environmental Certification of Properties

NIPPON REIT Actively Acquires Environmental Certification of Properties.

(1) Summary

	The Number of Properties	Floor Area ^(㎡)	Ratio ^(%) (Note 2)
Green Certified Building ^(Note 1)	24	144,158.66	35.72
DBJ Green Building Certification	2	28,104.36	6.96
CASBEE	1	5,404.86	1.34
BELS Certification	21	115,023.20	28.50
.Low-Carbon Model Building	3	10,093.78	2.50

* As of March 1, 2022

Note 1: In case when a property holds multiple certifications, number and floor area of one property is included.

Note 2: Ratio of each floor area to the gross floor area of NRT portfolio (403,536.00 ㎡).

(2) DBJ Green Building Certification



DBJ Green Building

The DBJ Green Building Certification system (the Certification) is a system established in April 2011 by DBJ to support property that evinces environment and social awareness ("Green Building"). DBJ evaluates and certifies properties that are socially and economically sought through comprehensive assessment of the subject property's environmental performance and measure taken for various stakeholders including disaster prevention and community-conscious measures.

DBJ Green Building Certification Website: <http://igb.jp/en/index.html>

Property Name	Certification Rank	Date Certified
Tower Court Kitashinagawa	★★★★ (4 Stars)	February 15, 2019
FORECAST Kameido	★★★ (3 Stars)	June 22, 2021

(2) CASBEE for Real Estate



Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings and the built environment. It is a comprehensive assessment of the quality of a building, evaluating features such as interior comfort and scenic aesthetics, in consideration of environment practices that include using materials and equipment that save energy or achieve smaller environmental loads.

CASBEE Website:
<https://www.ibec.or.jp/CASBEE/english/certificationE.htm>

Property Name	Certification Rank	Acquisition Date of Certification
FORECAST Ichigaya	S	November 30, 2021

(3) BELS



BELS (Building-Housing Energy-efficiency Labeling System) is a system in which a third-party organization evaluates and displays the energy-saving performance of all buildings, newly built and existing buildings. In April 2014, the system first started for non-residential buildings, and from April 2016, BELS expanded the scope of coverage to include residential buildings, and started its operation as one of the third-party certifications in accordance with the “Guidelines for Displaying Energy-Saving Performance of Buildings” which is a guideline based on Article 7 of the “Act on the Improvement of Energy Consumption Performance of Buildings.”

ZEB (Net Zero Energy Building) is a building that aims to reduce the annual energy consumption of a building to net zero balance while realizing a comfortable indoor environment. In the BELS evaluation system, it is displayed in four stages: ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented.

BELS Website (Japanese):

<https://www.hyoukakyokai.or.jp/bels/bels.html>

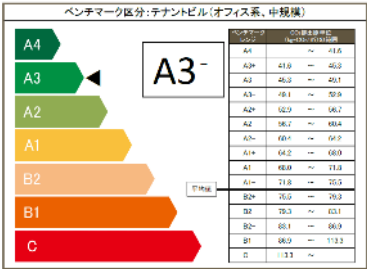
Details of ZEB: (Japanese):

<http://www.env.go.jp/earth/zeb/detail/01.html>

Property Name	Certification Rank	Acquisition Date of Certification
La Verite AKASAKA	★★★★★ ZEB Ready	July 31, 2020 January 20, 2022
Nishi-Shinjuku Sanko Building	★★★★★ ZEB Ready	January 20, 2022
FORECAST Kayabacho	★★★★★	July 28, 2020
Towa Higashi-Gotanda Building	★★★★★	July 30, 2020
FORECAST Takadanobaba	★★★★★	August 7, 2020
Pigeon Building	★★★★	July 29, 2020
FORECAST Gotanda WEST	★★★	August 5, 2020
FORECAST Sakurabashi	★★★	August 6, 2020
I・S Minamimorimachi Building	★★★	November 30, 2021
FORECAST Mita	★★	March 9, 2020
FORECAST Kameido	★★	July 2, 2020
Shibakoen Sanchome Building	★★	July 28, 2020
Itohpia Kiyosubashidori Building	★★	July 30, 2020

Property Name	Certification Rank	Acquisition Date of Certification
Itohpia Iwamotocho 1-chome Building	★★	July 31, 2020
FORECAST Shinjuku AVENUE	★★	November 30, 2021
FORECAST Ichigaya	★★	November 30, 2021
FORECAST Waseda FIRST	★★	November 30, 2021
Sannomiya First Building	★★	November 30, 2021
Alte Building Higobashi	★★	November 30, 2021
Nihombashi Playa Building	★	February 2, 2018
Splendid Namba	★	November 30, 2021

(4) Low-Carbon Model Building



Small and medium-sized leased buildings that (1) fall within the range of A1 or higher in the Low-Carbon Benchmark, an assessment index for low-carbon buildings released by the Tokyo Metropolitan Government in May 2012 with the aim of creating a real estate market in which low-carbon buildings with low CO2 emission features are valued; and (2) are actively implementing energy-saving measures, are officially recognized and publicized as the Low-Carbon Model Buildings by the Tokyo Metropolitan Government.

Low-Carbon Model Building:Website (Japanese):
https://www.kankyo.metro.tokyo.lg.jp/climate/businesses/lowcarbon/model_b/index.html

Property Name	Certification Rank	Acquisition Date of Certification
Itohpia Iwamotocho ANNEX Building	A3-	September 13, 2021
Shinto GINZA EAST	A3-	September 13, 2021
FORECAST Kayabacho	A2+	March 16, 2020



Kanto District Electricity Use Rationalization Committee

The Kanto District Electricity Use Rationalization Committee annually gives awards to factories, business sites, and individuals who have made significant achievements in the effective use of electricity, promotion of energy conservation, and improvement of load factors.

■ Fiscal Year 2021



As a result of renewal of air conditioning system and installation of LED lighting, average CO2 emission during January and December 2020 was reduced by 17.9% from the previous year.

■ Fiscal Year 2020



As a result of renewal of air conditioning system and installation of LED lighting, average CO2 emission during January and December 2020 was reduced by 35.1% from the previous year.

■ Fiscal Year 2019



As a result of renewal of air conditioning system and installation of LED lighting, average CO2 emission during April and December 2019 was reduced by 63.9% from the previous year.

■ Fiscal Year 2018



As a result of renewal of air conditioning system and installation of LED lighting, average CO2 emission during April and June 2018 was reduced by 44.8% from the previous year.



Activities of Sojitz Corporation

(1) Complying with TCFD

In August 2018, Sojitz Corporation (“Sojitz”), the main sponsor declared our endorsement of the final recommendations of the “TCFD” and are striving to cooperate with a wide range of stakeholders, proactively disclose information, and improve our transparency.

TCFD Website: <https://www.fsb-tcfd.org/>

Initiatives of Sojitz Corporation: <https://www.sojitz.com/en/csr/environment/tcfid/>



(2) Participation in the United Nations Global Compact

In April 2009, Sojitz, the main sponsor joined the “UNGC.”

Sojitz, a member of the Global Compact Network Japan, which consists of UNGC member companies, incorporates the knowledge and information obtained through working group activities into the Sojitz Group’s CSR initiatives.

UNGC Website: <https://www.unglobalcompact.org/>

Initiatives of Sojitz Corporation: <https://www.sojitz.com/en/csr/group/effort/>





2. Environment

Based on the Sustainability Policy articles “1. Effort to save energy and reduce greenhouse gas emissions” and “2. Realization of a recycling-oriented society,” NIPPON REIT has set reduction targets for energy consumption and greenhouse gas emissions to improve the environmental performance of its real estate portfolio.

In order to achieve these targets, NIPPON REIT’s asset management company, SRA implements measures to improve the operational performance of buildings, conduct energy efficiency retrofits and engage tenants on energy efficiency based on its “Energy Conservation Policy,” which stipulates operational policies for improving energy efficiency of the real estate portfolio, and “GHG Emissions Reduction Policy,” which aims to create a low-carbon society.



Targets to Reduce Energy

■ Energy consumption

- In the short term, a reduction of 1% per year in unit energy consumption will be targeted in the entire portfolio and individual properties.
- Over the medium and long term, a reduction of 5% per five-year period in unit energy consumption will be targeted in the entire portfolio and individual properties.

■ GHG emissions

- In accordance with the energy consumption reduction targets, a reduction of 1% per year in unit greenhouse gas (GHG) emissions will be targeted over the short term in the entire portfolio and individual properties.
- In accordance with the energy consumption reduction targets, over the medium and long term, a reduction of 5% over the five-year period from FY2021 to FY2025 in unit GHG emissions will be targeted in the entire portfolio and individual properties.
- Individual targets will be set with respect to properties subject to measures against global warming prescribed by local regulations (Tokyo Metropolitan Ordinance, etc.).
- CO2 emission intensity is targeted to be reduced 50% by FY2030 from FY2016 level.

■ Water consumption

A reduction of an average of 0.5% per year over the ten-year period from FY2017 in unit water consumption has been targeted in the entire portfolio and individual properties.

■ Waste management

A waste recycling ratio of 70% over the ten-year period from FY2017 has been targeted in the entire portfolio and individual properties.



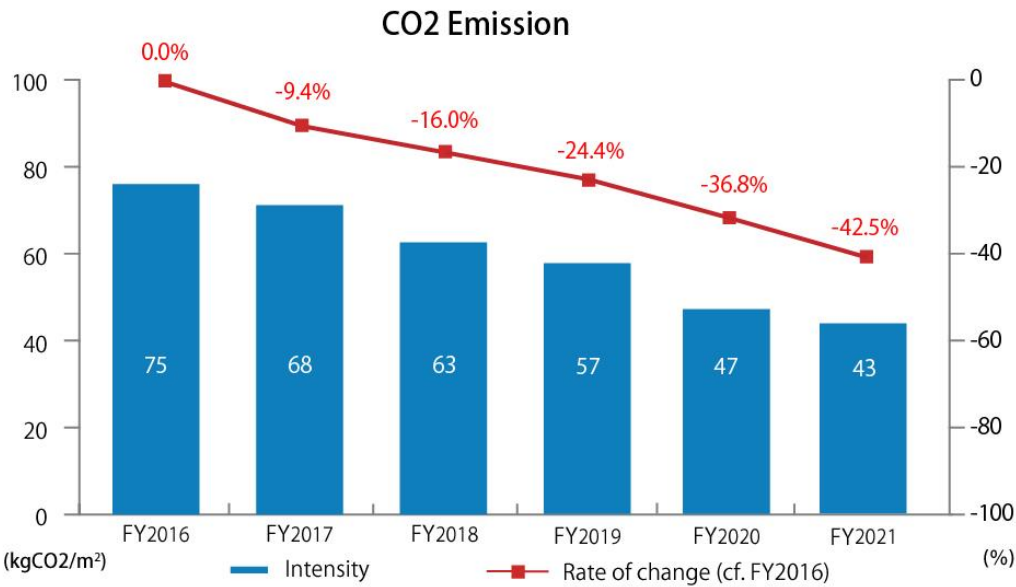
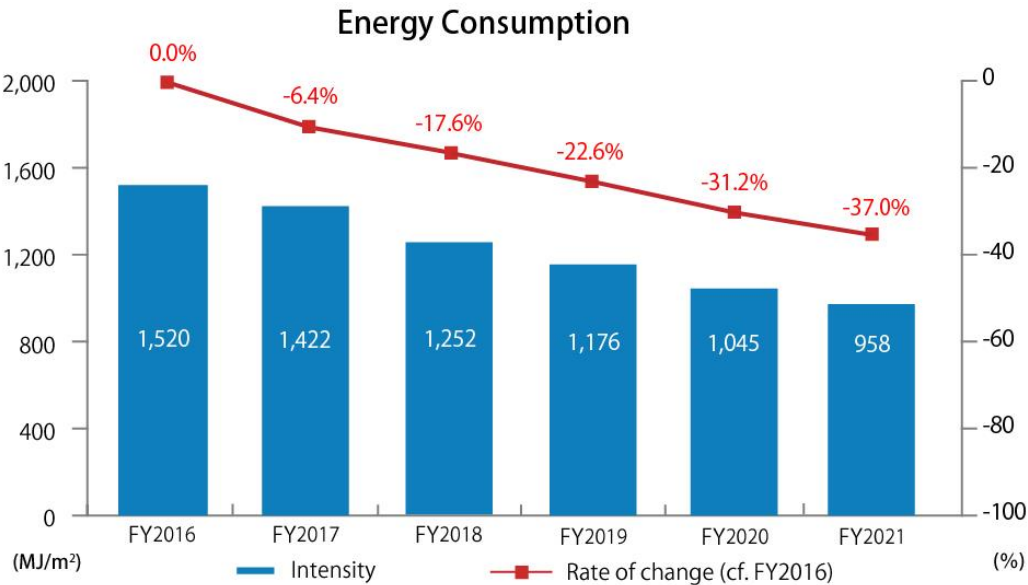
Management of Targets

As a general principle, every three months we carry out target management, review the progress made toward achieving its targets and ascertaining the degree of achievement against the actual value target, comparing and analyzing with the previous year at a general meeting called Sustainability Promotion Committee.



Energy Consumption and Green House Gas Emission

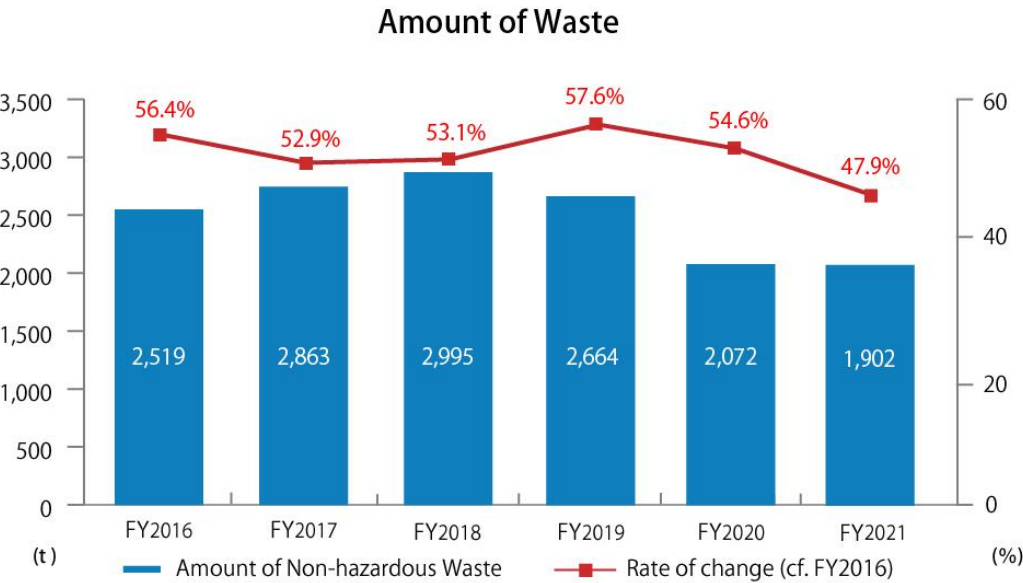
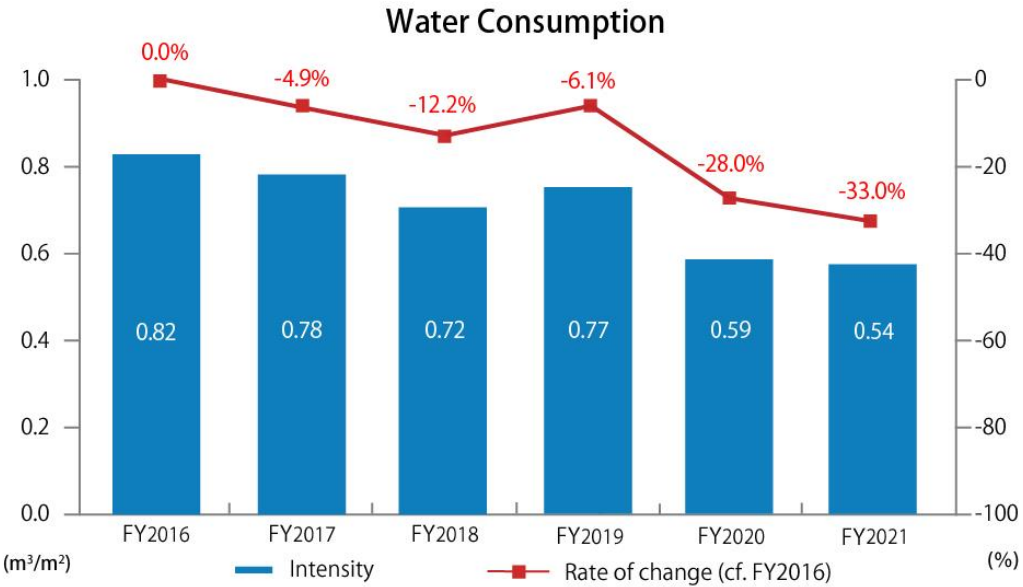
		FY2016 (Base year)	FY2017	FY2018	FY2019	FY2020	FY2021
Energy Consumption	Intensity (MJ/m ²)	1,520	1,422	1,252	1,176	1,045	958
	Rate of change (cf. FY2016)	0.0%	-6.4%	-17.6%	-22.6%	-31.2%	-37.0%
CO ₂ Emission	Intensity (kgCO ₂ /m ²)	75	68	63	57	47	43
	Rate of change (cf. FY2016)	0.0%	-9.4%	-16.0%	-24.4%	-36.8%	-42.5%





Water Consumption and Amount of Waste

		FY2016 (Base year)	FY2017	FY2018	FY2019	FY2020	FY2021
Water Consumption	Intensity (m³/m²)	0.82	0.78	0.72	0.76	0.59	0.54
	Rate of change (cf. FY2016)	0.0%	-4.9%	-12.2%	-6.1%	-28.0%	-33.0%
Amount of Waste	Amount of Non- hazardous Waste (t)	2,519	2,864	2,995	2,664	2,072	1,902
	Amount Incineration (t)	1,035	1,348	1,404	1,130	941	990
	Amount Incineration (t)	1,422	1,514	1,591	1,534	1130	912
	Recycling Rate	56.4%	52.9%	53.1%	57.6%	54.6%	47.9%

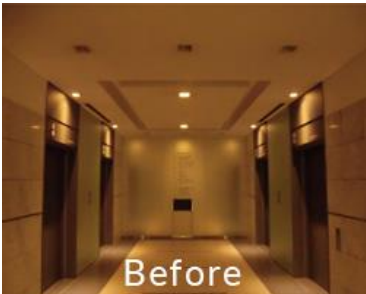




Energy Conservation

(1) Introduction of LED

Utilizing the government’s subsidy program, NIPPON REIT is actively promoting the introduction of LED lighting to reduce energy consumption. The energy consumption of the underlying properties is reduced, and a brighter and more comfortable environment is provided by converting lighting fixtures in common areas and leased areas, and emergency lighting fixtures (guide lights and emergency lights) to LEDs.



Before



After

LED Lighting Conversion
(As of March 1, 2022)

19 Properties
20.4% of Gross Floor Area

(2) Switching to Renewable Energy-Derived Electricity

With the start of use of electricity derived from renewable energy, CO2 emissions from the electricity used in the following four properties are reduced to virtually zero.

Properties Switched to “Renewable Energy” Derived Electricity



Omiya Center Building



Pigeon Building



La Verite AKASAKA



FORECAST Kameido



Water Conservation

Water-saving equipment for toilet bowls has been introduced in several properties held by NIPPON REIT as a part of the initiatives for saving water. In addition to its water-saving effect, this equipment contributes to the reduction of electric power for the water pumps and CO2 emissions.

■ Example: FORECAST Gotanda WEST



Before	After	Reduction Rate
18.0ℓ/ toilet flush	9.2ℓ/ toilet flush	48%

Note: The table above indicates the average amount of water used per toilet flush before and after the installation of the water-saving equipment.



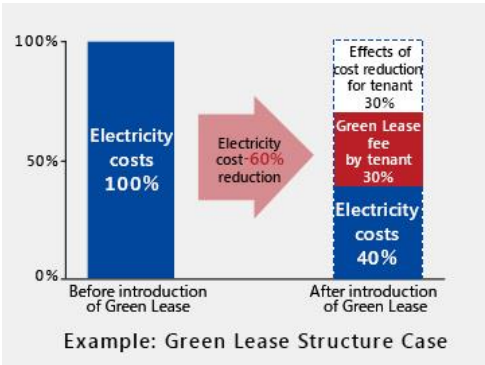
Green Lease

Green lease agreements are concluded with tenants to ensure mutual cooperation between individual building owners and tenants in promoting environmental measures.

Property with Green Lease
La Verite AKASAKA
Itohpia Iwamotocho 1-chome Building
FORECAST Gotanda WEST
Pigeon Building
FORECAST Takadanobaba
Towa Higashi-Gotanda Building
Itohpia Kiyosubashidori Building

■What is Green Lease Agreement?

It is an agreement specifying that building owners and tenants shall cooperate with each other to reduce environmental burden.
The agreement contains provisions to facilitate renovation toward more environmentally-friendly office buildings by reducing building owners' investment burden through sharing the economic merits generated as a result of energy-saving renovation works among building owners and tenants



Tenants and Stakeholder Engagement to Improve Property Performance

■ Enlighten about energy use reduction

NIPPON REIT prepared letters to tenants requesting reduced energy consumption, distributed manuals for office users and put posters on each floor to raise awareness about energy efficiency.

■ ESG - related training for property management companies

The property management company receives ESG - related training for the purpose of promoting increased awareness of environmental consideration in daily operations.

■ Eco-friendly building management

- For electronic toilets, the temperature settings for the heater and water for cleansing are controlled and adjusted for each season.
- Electric water heaters in staff kitchens are managed and their temperature settings are adjusted for each season.
- The temperature settings and hours of operation of air conditioning and lighting for common use space are adjusted by means such as timer control, Environmental Management Systems (EMSs) and human presence sensors for lighting.

3. Social

NIPPON REIT will continue to contribute to building a sustainable society through business dialogues with investors, tenants, local communities and employees.



Investor Engagement

NIPPON REIT prioritizes fair disclosure to all investors and conducts timely disclosure, including simultaneous Japanese/English press releases, as well as making its website user friendly. NIPPON REIT pursues direct communication with a variety of investors. The latest IR activities are as follows.

Fiscal period	17th FP (Ended Dec. 2020)	18th FP (Ended Jun. 2021)	Total
	Feb. 2021- Jul 2021	Aug. 2021- Jan. 2022	
Industrial Investors (Number of Meetings Held)	85	84	169
Japan	58	61	119
Overseas	27	23	50
Individual Investors (Number of Seminars Held)	0	1	1



Engineering Management

We have been implementing our unique measure actively to improve portfolio quality and competitiveness through enhancement of profitability and tenant satisfaction with environmentally friendly system, we call the measure “Engineering Management”.

Outline of Engineering Management

- **Planned capital investment** : Replacement of equipment and retrofit to maintain and improve assets values
- **Strategic value-enhancing investment** :

Profitability enhancement

Measures to increase rents / raise income, etc.

Cost reduction

Reduction of management cost through energy conservation, etc.

Improvement of tenant satisfaction

Minimization of tenant vacancy risk, Shortening leasing periods

Environmental consideration

Installation of high energy efficiency equipment etc. while utilizing energy saving subsidy



Enhancement of Tenant Satisfaction Based on Tenant Satisfaction Survey

NIPPON REIT conducts a questionnaire targeting tenants once a year. Based on the results of the questionnaire, issues related to the properties are identified and improvements are made with the aim of increasing the comfort levels of the properties and enhancing their competitive strengths. Through efforts to improve tenant satisfaction, NIPPON REIT seeks to foster successful tenant relationships and facilitate communication between tenants and lessors.

(1) Renewed Restrooms

- Pigeon Building



In the questionnaire targeting tenants, a request was made by a tenant, who is leasing an entire building, for the renovation of the washrooms to be undertaken to improve their environment. Prior to carrying out the washroom renovations, NIPPON REIT held numerous discussions regarding the design, etc. with the tenant from the planning phase to incorporate the tenant’s needs for the purpose of seeking to effectively improve tenant satisfaction and enhance the competitive strengths of the property.



(2) Installation of Smoke Separation Booth

- Itohpia Kiyosubashidori Building



By utilizing the leased floor-area ratio in accordance with the revised Building Standards Act, the dead space adjacent to the entrance on the first floor was converted into a lounge. A design that would allow both smokers and non-smokers separately to use the space was adopted for the purpose of seeking to effectively improve tenant satisfaction and enhance the competitive strength of the property.





Enhancement of Tenant Satisfaction

(1) Car Sharing Service

■ Dormy Kitaakabane



A car-sharing service was introduced as a service for tenants and nearby residents who do not own cars. The service has been introduced for the purpose of seeking to effectively improve tenant satisfaction and contribute to the local community.



(2) Share-Cycle Station

■ FORECAST Shinjuku SOUTH, Splendid Namba etc.

Enhancing the convenience and health of tenants and neighboring residents. Also contributing to promoting the use of bicycles with low greenhouse gas emissions.



(3) Umbrella Sharing

■ FORECAST Sinjuku AVENUE, FORECAST Nishishinjuku etc.

Improved convenience for tenants. Also contributing to waste reduction by sharing umbrellas.



(4) Installation of EV Charging Facility

■ Mer veille Senzoku, Wald Park Minamioi

EV charging facilities were implemented in parking lots as well as photovoltaic power generation panel at rooftop. Tenant satisfaction enhancement and reduction of greenhouse gas emission are expected by charging EV with clean energy.



Enhancement of Tenants' Safety

(1) Installation of AEDs

NIPPON REIT is promoting the installation of Automated External Defibrillators (AEDs). They are available to tenants and the neighboring community, which is displayed on the AED stickers and registered on the administrative map. These devices will be gradually introduced at jointly owned properties with third parties..



Improving Resilience for Disaster, etc.

(1) Introducing Disaster Response Vending Machine



In several properties held by NIPPON REIT automatic vending machines that are able to provide beverages free of charge at times of disaster have been installed. They are conventionally used as beverage vending machines, but at times of disaster or other emergencies any person could easily obtain free beverages from the machines. This initiative has contributed to the provision of relief supplies at times of disaster, and NIPPON REIT seeks to effectively improve tenant satisfaction, provide support for business continuity plans (BCPs) and contribute to local communities.



(2) Seismic Control and Seismic Isolation Measures

By installing seismic control equipment and seismic isolation dampers, damage from major earthquakes will be mitigated.

(3) Conducting Fire Drills

Fire drills involving tenants are conducted in all office buildings held by NIPPON REIT

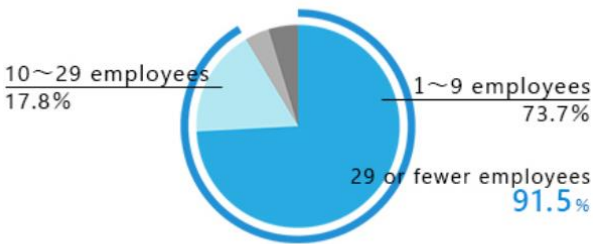
(4) Placing Emergency Kit with Food and Water

NIPPON REIT places boxes of emergency kits in elevators in case of disasters or mechanical issues.



Businesses with 29 or fewer employees comprise 91.5% of all businesses in the 23 wards of Tokyo, according to statistics on the ratio of establishments by employee size (survey by the Statistics Bureau, Ministry of Internal Affairs and Communications). Since its primary investment assets are centrally located, medium-sized offices (64 properties; 77.1% on an acquisition price basis), NIPPON REIT aims to contribute to the development of the Japanese economy through the provision of office buildings with comfortable working environments to Small and Medium Enterprises, which are the foundation of the Japanese economy.

《Composition of Offices by Number of Employees》







Source: Prepared by the Asset Management Company based on the data from "2016 Economic Census for Business Activity," Static Bureau, MIC.



Development of Leasing Services

We use a variety of leasing services to support moving into properties held by NIPPON REIT for small and medium enterprises and venture companies who are main target tenants for NIPPON REIT.

	Summery	Tenant's needs	Service features
Select Office 	Original leasing service by which tenants can select office layout from several patterns and NIPPON REIT shares costs of the office interior work	<ul style="list-style-type: none">To improve work environment with efficient and comfortable layoutTo reduce relocation cost to invest our business as much as possible	<ul style="list-style-type: none">■Selectable Realization of tenant's dream office by selectable materials (wall and floor) and layout■Virtually Visible image of dream office (layout, design) and future vision by Virtual Reality (VR)■Low Cost NIPPON REIT bears costs for furnishings (wall and floor)
ittoku 	NISSHO-HO Co., Ltd ("NISSHO-HO") by which tenant can reduce drastically relocation costs	<ul style="list-style-type: none">To minimize initial cost of a security deposit at the move-inTo avoid arranging a surety jointly and severally liable for rent payment	<ul style="list-style-type: none">■1 month deposit Reduced by 1 month (typical deposit is between 10 and 12 month)■No warranty fee NIPPON REIT bears warranty fee■No restoration cost NIPPON REIT bears restoration cost■No jointly and severally liable surety
shikittoku 	Original leasing services with NISSHO-HO by which NIPPON REIT refunds a half of deposit after the end of original lease contract period depending on the tenant's financial condition	<ul style="list-style-type: none">To make effective use of depositTo avoid arranging a surety jointly and severally liable for rent payment	<ul style="list-style-type: none">■Refund a half of deposit Refunding a half of deposit depending on the tenant's financial condition as of the end of original lease contract period■No warranty fee NIPPON REIT bears warranty fee■No jointly and severally liable surety
Shikikin tsunagetoku? 	Original leasing services with NISSHO-HO to promote office transfer by allowing up to 9 months of deposit of deposits at the time of the conclusion of a lease contract	<ul style="list-style-type: none">To avoid double depositsTo increase flexibility of relocation and moving periodsTo make effective use of cash on hand	<ul style="list-style-type: none">■Moratorium of placing a deposit■No warranty fee



Attracting Tenants

NIPPON REIT attracts tenants that match the needs or locations of local communities with the aim of improving living convenience for people in local communities.



Service office in the Itohpia Kiyosubashidori Building



Convenience store at the first floor of NORE Fushimi



We provide space for Food truck in Omiya Center Building



Allowing Fire Department to Use the Rooftop of Tower Court Kitashinagawa at Time of Disaster

Tower Court Kitashinagawa has an agreement with the local fire department to allow the use of its rooftop at times of disaster for ascertaining the disaster situation of the Shinagawa area.



Establishment of Gallery of History of Shinagawa (Tower Court Kitashinagawa)



The geographical name Shinagawa dates back to the Heian Era (around 400 years from 794), and Shinagawa prospered as a port in Edo (Tokyo) Bay during the Kamakura Era (1185-1333). In the Edo Era (1603-1868), Shogun Ieyasu Tokugawa established a “tenma system” (a transportation system that carried envoys, goods, etc. using horses) with “shukueki” (post stations) for the Tokaido (this mainly means the roads from Nihonbashi, Edo to Sanjo Ohashi in Kyoto), and Shinagawa was the first shukueki. For the purpose of preserving this time-honored history of Shinagawa, the first-floor portion of Tower Court Kitashinagawa is open to the public as a gallery of the historic site.



■ Basic Data

	FY2021	FY2020	FY2019	FY2018	FY2017
Total Employee	42	43	32	34	31
Male	25	26	21	20	19
Female	17	17	11	14	12
Number of Employees Seconded from Other Companies	16	18	14	13	14
New Hiring	2	10	2	6	3
Male	1	5	1	3	1
Female	1	5	1	3	2
Average Length of Service	3 years and 10 months	3 years and 3 months	3 years and 8 months	2 years and 6 months	2 years and 5 months
Male	3 years and 9 months	3 years and 0 months	3 years and 5 months	2 years and 6 months	2 years and 9 months
Female	3 years and 11 months	3 years and 4 months	3 years and 10 months	2 years and 6 months	2 years and 2 months
Employee Turnover	4.8%	5.9%	17.6%	3.7%	10.7%
Male	2.4%	5.9%	5.9%	3.7%	3.6%
Female	2.4%	0.0%	11.8%	0.0%	7.1%

* Excluding employees seconded from other companies.



Creating Safe and Friendly Work Environment, Maintaining Healthy Work-Life Balance

We believe that human resources are the most important asset of SRA. We are aiming to create environment where employees can work comfortably and peacefully. We implement various initiatives from aspects of health and safety including work life balance, health and labor management, as well as job satisfaction.

■ Implementation of Periodic Health Checkup etc.

Putting employees' health first, we cover them to undergo medical examinations and works to increase the rate at which they are conducted.

Furthermore, we subsidize influenza vaccinations for employees.

■ Time-off and Flextime

We support employees to realize a work-life balance so that each of them can keep their healthy and become healthier, as well as accept diversified values and life-styles and adopt Time-off and Flextime systems to feel secure to work in accordance with individual circumstances.

■ Promotion for Active Roles for Women

SRA works to create a workplace environment that is friendly for female workers, in an effort to realize a workplace in which each employee can exert their capabilities to the fullest. Moreover, on top of adopting a childcare leave system, SRA promotes flexible work hours with reduced working hours and encourages employees to proactively take paid leave.

■ Support for Childcare

We have established the following systems to support work balance for employees involved in childcare:

Childcare leave, Shorter working hours for childcare, Nursing-care leave system

■ Friendly Workplace and Work-Life Balance

	FY2021	FY2020	FY2019	FY2018	FY2017
Average Statutory Overtime work (hours/month)	22.7	24.2	17.9	28.1	NA
Paid Leave Usage Rate	73.6%	55.7%	73.3%	68.0%	73.7%
Health Checkup Rate	100%	100%	100%	100%	100%
Childcare Leave, Shorter Working Hours for Childcare Usage Rate*	6人	4人	4人	3人	2人

* Excluding employees seconded from other companies.



Promoting Diversity

■ Respect for Human Rights

SRA believes that it should help enhancement of the value of unitholders', respects human rights, prohibits discrimination base on such factors as belief, region, age, sex, origin, and mental and physical disorders, as well as established workplace environment in which diverse human resources can actively perform. Moreover, SRA is not involved in any child labor, forced labor, unfair wage reductions or unfairly prolonged work hours.

■ Promoting Female Employment

	FY2021	FY2020	FY2019	FY2018	FY2017
Female employee ratio	40.5%	39.5%	34.4%	41.2%	38.7%
Female new hiring ratio*	50.0%	50.0%	50.0%	50.0%	66.7%
Female manager ratio	12.5%	14.3%	7.1%	7.1%	0.0%

* Excluding employees seconded from other companies.

■ Consultation Service Office for Compliance

SRA has built a system in which employees, when they become aware of any compliance problem including harassment, can consult with the Compliance Officer or contact the consultation and reporting office of the main sponsor, Sojitz Corporation.



Human Resource Development

SRA takes various measures to foster human resources having a high level of expertise, deep knowledge and ethical values.

■ Support for Acquisition of Qualification

SRA offers subsidies to its employees to help them acquire qualifications required for operations in order to develop their capabilities of asset management and to maintain their high expertise of asset management. The table below shows the number of qualification holders at SRA.

Name of Qualification	Number of Qualification Holders
Real Estate Broker	26
ARES (The Association for Real Estate Securitization) Certified Master	9
Official Real Estate Consulting Master	2
First-class Registered Architect	1
Securities Analyst	2

* As of the end of December 2021. Includes those who passed the examination.

■ Support for Education and Training

SRA encourages and supports its employees to participate in a variety of internal and external education and training sessions, etc. as part of the efforts to foster their capabilities.

The internal education includes lectures by our compliance officers on internal rules and requests to Tokyo Stock Exchange, Inc. for lecturers in order to deepen their understanding of daily operations.

All employees undergo seminars to improve operational efficiency during external training.

■ Interviews for Setting Objectives of Individual Employees

SRA arranges interviews with its employees at the beginning (for setting their objectives), the middle (for feedback and target adjustments) and the end (for confirming the progress results) of the fiscal year. This has enabled the Company to establish a transparent system for setting objectives and confirming the progress results through good communication between supervisors and their subordinates. Through the interviews, the supervisors also provide advice in an elaborate manner to the subordinates regarding the latter's career development and issues to tackle on operations, among other matters.



Comfort and Safety of Employees

■ Disaster Response

We introduce "Safety confirmation service (e-kakushin KIZUNA)" provided by SECOM Trust systems Ltd. as a contact method of the employees in preparation for earthquakes and other regional disasters that has been occurring frequently in nationwide at various area.

■ Questionnaire on Employees' Satisfaction with Office Environment

As to maintain and enhance employees' health and comfort during working hours, SRA carries out annual survey on employees' satisfaction of office environment. The results of the survey and the opinions received from employees are used as a reference when improving the work environment. Furthermore, we made our office calm environment by adopting Japanese style interior.

■ Office Environment

Office Entrance



Meeting Space



■ Sound Design for Office (BGM)

As a part of measure to enhance employees' comfort we introduced Office BGM system (SOUND DESIGN for OFFICE).

Music that is programed based on office time schedule ideally makes comfort working environment, it also is expected to reduce overtime working.



Framework for Motivating Employees Appropriately

In order to "maximize unitholder value", we are working to motivate executives and employees appropriately so that executives and employees understand the true meaning of "Principles for Customer-Oriented Business Conduct" and management policy and reflect them in their day-to-day operations, and that these principles and policy are well-established.

Specifically, in order to promote customer-oriented business conduct, we include compliance in organizational goals, reflect compliance as an evaluation point in organizational performance, treat business faithfully and fairly and seek our quality training to help improve professional ethics.

■ Compliance, sustainability, and business training

From January to December 2020, we held 11 compliance, sustainability, and business training sessions for executives and employees (including those for managers only).

■ Evaluation of executives and employees from compliance perspective

Compliance is also included in the evaluation of executives and employees.

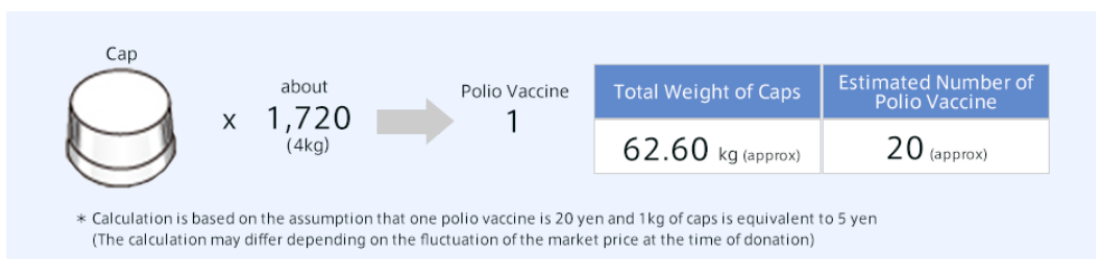
■ Employee investment unit ownership program

We have introduced an employee investment unit ownership program for the purpose of enhancing the welfare of employees and improving the value of medium-and long-term investment ownership through the agreement of interest between employees and investment owners of NIPPON REIT.

Employee Initiatives

■ Eco-cap campaign

Since 2017, SRA has conducted the Vaccine Cap Campaign activity for recovering plastic bottle caps. The amount of bottle caps is utilized by Tokyo Petbottle Recycle Co., Ltd., through the organization entitled "Japan Committee, Vaccines for the World's Children" to contribute in order to the donation of Polio Vaccines to children worldwide. Recycling also contributes to reducing CO2 emissions from incinerators, which helps prevent global warming.



■ Charibon Project

SRA started participating in the "Book Donation Project" of Charibon operated by Value Books from November 2018. The sent books will be assessed by Value Books, and the amount equivalent to the assessed price will be donated to organizations that are addressing social challenges (NPOs, schools, local governments).





4. Governance

Based on Article 95 of the Act on Investment Trusts and Investment Corporations, NRT's Board of Officers consists of one executive officer, as well as two supervisory officers, which exceeds the number of executive officers by more than one.

Based on Article 109 of the Act, the executive officer executes the duties of NRT and represents NRT.

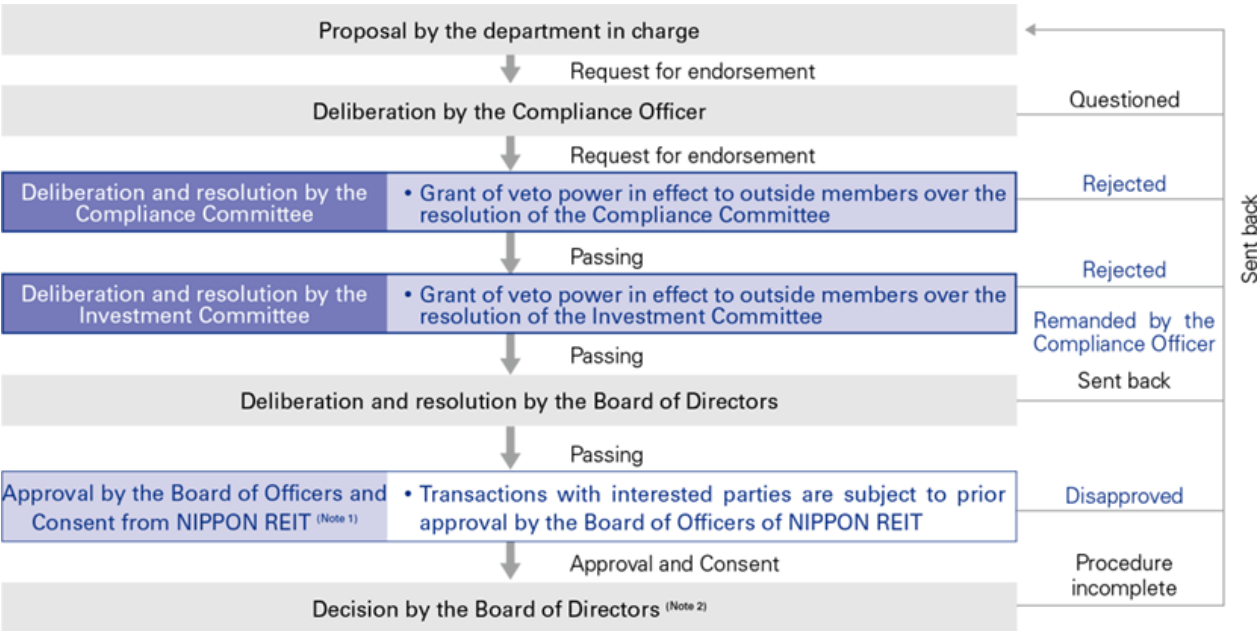
Based on Article 111 of the Act, supervisory officers supervise the executive officer's execution of duties. Moreover, in line with Article 100 of the Act, a person who has a personal interest in NRT or SRA cannot be appointed as supervisory officer.

Executive officers' remuneration will not exceed 800,000 yen per person per month, and supervisory officer's remuneration will not exceed 500,000 yen per person per month, with the monthly amount to be determined by the Board of Officers. Please refer to Article 21 of the Articles of Incorporation for more details. The Article of Incorporation are revised by the decision of the General Meeting of Unitholders.

The remuneration paid to each officer is disclosed in "the Asset Management Report" for each fiscal period.



Decision-Making Process Securing Third-Party Monitoring Function



(Note 1) We note that the following transactions must be approved by the Board of Officers of NRT but do not require the consent of NRT.

- Transactions other than those stipulated in Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations (Investment Trust Act)
- Transactions stipulated in Article 245-2 of the enforcement regulations in the Investment Trust Act

(Note 2) The Board of Directors makes a decision after confirming that each procedure has been appropriately completed.

Asset Management Fee Structure to SRA

NRT adopts an asset management fee system in which part of the fees to be paid to SRA based on the Articles of Incorporation and SRA is linked to distribution per unit. We believe that adoption of such an asset management fee system should give an incentive to SRA to work to maximize the unitholder value of NRT

■ Asset management fees for the fiscal period starting on September 20, 2019

< Asset management fee 1 and asset management fee 2 >

Calculation method	
Asset management fee 1	Total assets of the immediately preceding fiscal period × annual rate of 0.35% (maximum rate)
Asset management fee 2	NOI × DPU volatility (Note 1) × 2.5% (maximum rate)

(Note 1) "DPU volatility" is a figure calculated by using the following formula

DPU volatility = (Adjusted distribution per unit for a certain fiscal period (Note 2) — adjusted distribution per unit for the preceding fiscal period) / adjusted distribution per unit for the previous fiscal period + 1

However, when the adjusted distribution per unit for the preceding fiscal period is null, the DPU volatility is deemed to be 1. Moreover, when the DPU volatility for the preceding fiscal period was 0.75 or less and the DPU volatility for the current fiscal period calculated by using the above formula surpassed 1, the DPU volatility is deemed to be 1.

(Note 2) "Adjusted distribution per unit" is the amount obtained by dividing the distributable amount before deducting fees and compensations (Note 3) for a certain fiscal period by the number of investment units issued and outstanding as of the settlement date for the fiscal period (rounded down to the nearest one yen). In calculating adjusted distribution per unit, proper adjustment shall be made in the case of holding its own investment units that have not been disposed of or retired in the accounting period for the business period in which it acquired its investment units and, in the case of increasing the total number of investment units outstanding by splitting own investment units or conducting a gratis allocation of new shares through subscription rights.

(Note 3) "Distributable amount before deducting fees and compensations" is the amount of income before income taxes for the fiscal period calculated in accordance with the accounting practices generally accepted in Japan (on the condition that the asset management fee 2 and gain or loss on sale of specified assets, consumption tax not subject to deductions, etc. are not added to or subtracted from the amount).

< Acquisition fee and disposition fee >

Calculation method	
Acquisition fee	Acquisition price (Note 1) × 1.0% (maximum rate) *Acquisition from interested parties: acquisition price × 0.5% (maximum rate)
Disposition fee (Note 2)	Transfer price (Note 3) × 1.0% (maximum rate) *Transfer to interested parties: transfer price × 0.5% (maximum rate)

(Note 1) This means the amount paid for the purchase in the case of a purchase, the appraised value of the asset transferred through exchange in the case of an exchange and the amount contributed in the case of capital contribution, excluding consumption taxes and acquisition expenses

(Note 2) Disposition fee shall be paid only when gain on sale of specified assets is accrued.

(Note 3) This means the amount paid for the sale in the case of a sale and the appraised value of the asset transferred through exchange in the case of an exchange, excluding consumption taxes and transfer expenses

Same-Boat Investment by the Sponsors

Sojitz, Cushman and Agility have declared in the sponsor support agreement that, when they acquire the investment units issued by NRT, they intend to continue owning the units for the time being unless there are special circumstances occurred.

Sojitz Corporation, the main sponsor

Owns 15,500 of NIPPON REIT's investment units



5. Green Finance

NIPPON REIT practices asset management taking into consideration Environment, Society and Governance (“ESG”). As a part of such initiatives, NIPPON REIT strives to realize a sustainable environment and society by implementation of green finance including green bonds and green loans etc.

Framework

(1) Use of Proceeds from Green Finance

NIPPON REIT plans to use the funds procured through green finance as funds for the acquisition and refinancing of the funds for the asset conforming to “Eligible criteria A” and project conforming to “Eligible criteria B”. In terms of “Eligible criteria B”, renovation work that has been completed or will be completed within 3 years from the payment date of the green bond or the green loan are eligible.

(2) Eligible Criteria

■ Eligible Criteria A

Assets for which any of the following certifications from a third-party certification body (“green building certification”) has been or will be obtained

- I. DBJ Green Building Certification (Note 1): 3 Stars, 4 Stars or 5 Stars
- II. BELS Certification (Note 2): 3 Stars, 4 Stars or 5 Stars
- III. Certification for CASBEE for Real Estate (Note 3): B+, A or S Rank

■ Eligible Criteria B

The renovation works that meet one out of the following three requirements.

- I. Renovation work intended to reduce CO2 emissions by more than 30%
- II. Renovation work intended to reduce energy consumption by more than 30%
- III. Renovation work intended to reduce water consumption by more than 30%
- IV. Renovation work intended to improve the number of stars or the grade/rank by one or more for any of the eligible green asset certifications

Note 1: “DBJ Green Building Certification” is a certification of buildings with environmental and social awareness (Green Building) implemented by Development Bank of Japan Inc. (“DBJ”) based on a five-grade evaluation system (1 to 5 stars) by using a comprehensive scoring model independently developed by DBJ.

Note 2: “BELS Certification” is a public evaluation system of energy saving capacity in all structures of which evaluation criteria were determined by the Ministry of Land, Infrastructure and Transport and is expected to provide information regarding energy saving and promote further development of energy saving capacity in non-residential structures.

Note 3: “CASBEE (Comprehensive Assessment System for Built Environmental Efficiency)” is a method for evaluating and rating the environmental performance of buildings as well as a comprehensive evaluation system of the environmental performance of buildings including consideration to the surrounding landscape in addition to the aspects of environmental load reduction such as energy and resource saving and recycling performance.

(3) Process for Project Evaluation and Selection

The projects that meet eligible criteria (“eligible green project”) are decided by the “Sustainability Committee” of the Asset Management Company, which is comprised of the President and CEO, the Senior General Manager of Investment Management Division and the Senior General Manager of Finance & Planning Division etc., under discussion about evaluation of eligible green project, use of the fund and eligibility for the criteria.

(4) Management of Proceeds

The total of the amount obtained by multiplying the total book value of assets that meet eligible criteria A as of end of the latest fiscal period by the LTV(Note) as of end of the latest fiscal period and the amount of the total assumed expense of the renovation work that meet eligible criteria B will be set as the upper limit amount for green finance.

As of December 31, 2021	
Total book value of assets that meet eligible criteria A (A)	49,421 million yen
LTV (B) (Note)	48.0%
Total expense of the renovation works that meet eligible criteria B (C)	172 million yen
Green eligible liabilities (the upper limit amount for green finance) (A × B + C)	23,895 million yen
Balance of funds procured through green finance	2,000 million yen

Note: LTV is calculated as follows. LTV = total interest-bearing debt / total assets

(5) Eligible Criteria

■ Criteria A

No.	Property Name	DBJ Green Building Certification	BELS Certification	Certification for CASBEE for Real Estate	Book Value (million yen) (As of Dec, 31, 2021)
A-5	FORECAST Ichigaya			S	4,369
A-8	FORECAST Sakurabashi		★★★★		5,971
A-24	Pigeon Building		★★★★		2,905
A-32	Towa Higashi-Gotanda Building		★★★★★		2,076
A-33	FORECAST Takadanobaba		★★★★★		5,845
A-41	I・S Minamimorimachi Building		★★★★		2,347
A-46	La Verite AKASAKA		★★★★★★		2,129
A-49	FORECAST Kayabacho		★★★★★		3,092
A-51	FORECAST Gotanda WEST		★★★★		7,478
A-67	FORECAST Kameido	★★★★			2,634
B-1	Tower Court Kitashinagawa	★★★★			10,568
Total				11 Properties	49,421

■ Criteria B

No.	Property Name / Construction	Construction Completion	Construction Cost (million yen)
A-28	Nishi-Shinjuku Sanko Building ZEB Renovation	Dec. 19, 2021	172
Total			172

(6) Reporting

NIPPON REIT's allocation of proceeds as to green finance is as follows.

As of December 31, 2021

Total amount of outstanding green bonds	2,000 million yen
Amount of proceeds not yet allocated	-

Name	Total Issue Amount (million yen)	Interest rate (%)	Issue Date	Redemption Date	Remarks	Use of Proceeds
NIPPON REIT 5th Unsecured Bond (With Pari Passu Conditions Among Specified Investment Corporation Bond) (Green Bond)	2,000	0.670	August 6, 2021	August 6, 2031	Unsecured Unguaranteed	Appropriate to part of the repayment funds of the borrowings procured as the acquisition funds for the following three properties <ul style="list-style-type: none"> · Pigeon Building · Towa Higashi-Gotanda · FORCAST Takadanobaba

(7) External Review

For eligibility of the green finance framework, NIPPON REIT has been assigned "Green 1 (F)," the highest evaluation grade in the JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. ("JCR"). For the content and other details of the JCR Green Finance Framework Evaluation, please refer to the following website.

JCR Green Finance Framework Evaluation: <https://www.jcr.co.jp/en/greenfinance/>

This presentation material may include forward-looking statements on the financial standing and operating results of NIPPON REIT. These forward-looking statements include portions that assume certain risks and uncertainty. As such, please note that actual results may differ due to changes in the business environment in the future and other factors.

The purpose of this presentation material is to provide information of NIPPON REIT, and not to solicit investments in or recommend trading of specific products.

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<https://www.sojitz-sra.com/>